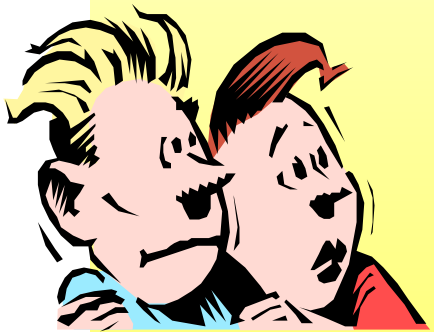
Parametric Spare Parts Pricing

Remember this?



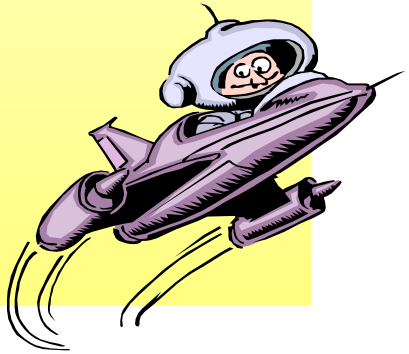
Parametric Spare Parts Pricing

What we're trying to do. . . .

Determine the feasibility of using COTS cost estimating software to develop "Independent Government Estimates" for spare parts pricing, with little or no contractor data

--eliminate spare parts pricing "horror stories"

--both commercial and DoD-unique items



Parametric Spare Parts Pricing

Step 1: <u>Complete</u>. Had DLA Operations Research Office conduct study.

--Report submitted end of January 1997.

--Suitable COTS cost estimating software is available.

PRICE, SEER, FASTE

--It works.

--It's reasonably priced.

$2500 per PC, $18,000 site license

"Looks like an idea worth trying."

Parametric Spare Parts Pricing

Most models are based on physical parameters. . . .

Product Group	Material	Complexity
Height	**Width**	**Thickness**
Rate 1	**Rate 2**	**Rate3**

ENTER

$_____

Come "loaded from factory" with industry-wide averages and standards

Good, quick "sanity check" on contractors' proposed prices

Basis for unilateral UCA definitizations?

Parametric Spare Parts Pricing

Step 2: Select five CAOs to test.

--looking for high volume of spares activity

--if test is successful, will use results to decide "basing mode" (individual CAOs, central sites, combination of both, etc.)

--but . . . money??

Step 3: If test is successful, implement!

--we've put money "placeholder" in FY 98 Business Plan

--vendor will train CAO personnel

Step 4: Keep following up!

--models have got to keep paying for themselves!